

THE COUNCIL FOR TOBACCO RESEARCH-U.S.A., INC.

110 EAST 50TH STREET
NEW YORK, N. Y. 10022

December 4, 1973

AH

CTR

A. H. H. H. H.
I would like to
down as much as possible
for near-term
7-12

Messrs. Thomas F. Ahrensfield
DeBaun Bryant
Frederick P. Haas
Cyril F. Hetsko
H. C. Roemer

Gentlemen:

Enclosed is a statement containing the proposed budget for 1974 of the Literature Retrieval Division, the Division's budget for 1973 and estimated expenses for 1973.

Upon approval of the proposed budget by each of the five companies concerned, it will be understood that expenditures for the Literature Retrieval Division will not be required to be confined to the lines of the budget but that there will be authority to spend for the purposes of the Division an overall amount not exceeding the budget total.

In accord with the letter agreement between us dated December 28, 1970, it is understood that billings to each of the five companies for 1974 expenditures will be determined in proportion to the respective sales of the companies of domestic cigarettes in 1973 as estimated and published by John C. Maxwell Jr. The report of Mr. Maxwell, published in Barron's on October 29, 1973, gave the following estimates of domestic cigarettes for 1973, resulting in the percentage allocation set forth below:

<u>Company</u>	<u>Domestic Cigarettes in Billions</u>	<u>Percentage</u>
American Brands, Inc.	93.93	17.89
Brown & Williamson Tobacco Corporation	100.65	19.17
Liggett & Myers Incorporated	29.50	5.62
Philip Morris Incorporated	121.95	23.22
R. J. Reynolds Tobacco Company	179.08	34.10
	525.11	100.00

1005117537

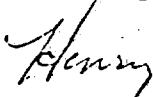
Until such time as Mr. Maxwell may revise his estimates for 1973, we will bill each of the companies according to the foregoing percentages. Should Mr. Maxwell revise these estimates, subsequent billings for 1974 will be made on the basis of the revised estimates.

December 4, 1973

If there are any questions about the foregoing please contact me.

Please indicate your approval of the proposed budget for 1974 and the other understandings set forth above by signing and dating the form of approval on the enclosed copy of this letter and returning it to me.

Sincerely yours,


H. H. Ramm
President

HHR:ek

encls.

Approved this 3rd day
of January , 1974

PHILIP MORRIS INCORPORATED

By Alexander Holtzman /s/

1005117538